

## **PART 5      FUNDRAISING AND POLITICAL ACTIVITIES OF THE NATIONAL PARTIES AND ADMINISTRATIONS**

### **Chapter 32:   Coordination Among the White House, the Democratic National Committee and the Clinton Campaign; Issue Ads**

Since 1976, presidential campaigns have been eligible to receive federal funds. Public financing was designed to free presidential candidates from the need to raise money and to assure voters that these candidates would not become beholden to contributors. In exchange for federal funds, presidential campaigns must agree to limit the amount of money they spend. One purpose in enacting our campaign finance law was to put in place expenditure limitations that would level the playing field on which presidential candidates compete.

However, due to a series of court rulings, as explained in Chapter 24, an enormous loophole has been created that enables national party committees and presidential campaigns to circumvent this spending limit. In addition to the funds that presidential candidates may spend on their own campaigns, national party committees are permitted to spend unlimited amounts of money on "issue ads."<sup>1</sup> An advertisement sponsored by a party qualifies as an issue ad as long as it does not contain an electioneering message advocating the election or defeat of a specific candidate. A cleverly worded ad can meet this standard even though it portrays a candidate in a positive (or negative) light. The law also permits a presidential candidate to help his party raise money for issue ads and to control the content and production of these advertisements.

By running issue ads, political parties and presidential campaigns are legally able to circumvent the federal law mandating that a presidential candidate can raise and spend only hard money (contributions in small dollar amounts raised from individuals and political action committees) prior to the party's convention without violating the law.<sup>2</sup> In contrast, during the 1996 election cycle, the political parties were free to pay for issue ads with a combination of hard and soft money.<sup>3</sup> In the upcoming election cycle, it may be possible for parties to pay for issue advertisements with only soft money.<sup>4</sup>

In 1996, both the Clinton campaign and the Dole campaign made use of the loophole allowing a national party committee to spend unlimited soft dollars on issue advertising. Both presidential candidates helped their parties to raise hard and soft money, which was used to pay for issue ads, and both presidential campaigns assisted the party committees in creating ads that were designed to bolster support for the party's presidential candidates. Although a number of RNC ads came close to not meeting the legal standard for issue advocacy, neither party's ads appeared to carry an electioneering message advocating the election or defeat of its presidential nominee and, thus, were not subject to the federal spending limits that apply to presidential campaigns. The Clinton and Dole for President campaigns were thus able to legally circumvent federal spending limits.

## **FINDINGS**

- (1) Both the Clinton campaign and the Dole for President campaign benefited from spending by their respective parties in excess of the spending limits applicable to presidential candidates who accept public financing.**
- (2) Coordination of issue advocacy between the Clinton campaign and the DNC and between the Dole for President campaign and the RNC was legal under current campaign finance laws.**
- (3) Both presidential campaigns coordinated fundraising to pay for the issue advocacy of their respective parties.**

## **INTRODUCTION AND SUMMARY**

During the 1996 election cycle, the DNC paid for a multimillion-dollar issue advocacy effort that was designed to build support for the Democratic Party's position on major legislative issues and to bolster support for President Clinton. The Clinton campaign organization and its consultants actively participated in all stages of this media effort. White House Deputy Chief of Staff Harold Ickes played a major role in the reelection effort, of which the ads were a key part.

The activities of the DNC and the Clinton campaign were permissible. Federal law explicitly sanctions coordination between political parties and their presidential candidates.<sup>5</sup> The law also permits parties to pay for and air issue ads that are intended to aid their presidential candidate as long as the ads do not carry an electioneering message advocating the election or defeat of a specific candidate. The DNC's ads, which all related to pending legislative issues, satisfied this issue-advocacy standard.

## **THE ORIGIN OF THE DNC'S ISSUE AD CAMPAIGN**

The Clinton campaign and the DNC first considered the possibility of using issue ads to communicate the President's message in the first half of 1995.<sup>6</sup> Democratic strategists felt that one of the reasons the party lost Congress in 1994 was that it had not been successful in communicating its message. After discussions involving the President and his advisers, a decision was made to conduct a major radio and television advertising effort in 1995 and 1996. Richard ("Dick") Morris, the Clinton campaign's media consultant, suggested that the campaign not accept federal matching funds so that it would not be limited by the federal cap on campaign expenditures.<sup>7</sup> In early 1995, the Clinton campaign organization rejected Morris's suggestion and agreed to accept federal funds. It is unclear whether, at the time this decision was made, the DNC and the Clinton campaign had planned to spend money on issue ads not subject to the expenditure cap.

The first-1996 cycle televised ads ran in July 1995 when the Clinton campaign paid for a series of advertisements that addressed the crime issue.<sup>8</sup> Dick Morris explained the original conception of the advertising campaign:

[I] found out that you could run advertising that was related to issues that did not explicitly urge the election of a candidate, I realized that was precisely what I had in mind anyway. . . . So it was not a question of finding a loophole in which we could restructure the advertising to achieve a different goal in a different way in order to get under the DNC label. . . . Specifically, I was not very concerned in the early part of '95 or throughout most of '95 with the president's re-election per se, because I felt that for the president to have a hope of being reelected, he first had to win the fight over the budget. He first had to defeat the agenda of the Gingrich-Dole Congress and win the battle associated with the budget and tax issues. . . . So that when I found out that there was a kind of advertising. . . that could be done that was congruent with my political purposes at that point, which was to win an issue before the Congress, I was thrilled.<sup>9</sup>

In a September 1995 meeting, the President, the Vice President, the First Lady, Harold Ickes, Senator Christopher Dodd, DNC Chairman Donald Fowler, and White House aide George Stephanopoulos decided that the DNC should undertake an extensive media effort to communicate the message of the President and the party.<sup>10</sup>

The televised ads, which aired steadily throughout the fall of 1995 and early 1996, focused on the President's refusal to support Republican budget proposals and the President's determination to protect Medicare.<sup>11</sup> These issues were among the most important pending before the United States Congress at the time. Although Haley Barbour, then Chairman of the RNC, initially vowed not to spend Republican hard dollars on a similar advertising effort, in November 1995, the RNC began airing advertising attacking President Clinton and his position on the balanced budget.<sup>12</sup> In addition, in mid-1995, the RNC helped create a tax-exempt organization, Coalition for Our Children's Future, to air balanced budget and Medicare advertising with entirely undisclosed and unregulated soft money, in contrast to the publicly disclosed combination of hard and soft money being used by the DNC (see Chapter 13).

### **THE DNC AND RULES GOVERNING ISSUE ADS**

Before the DNC began its million-dollar issue advertising effort, counsel for the DNC and the Clinton campaign advised their clients that the DNC's plan complied with existing law. Ickes explained, when he was questioned by Senator Akaka during a Committee hearing:

Q: In response to questions earlier today, you testified that you consulted counsel on the ability to use soft money for issue ads during 1995, did you not?

A: Certainly did.

Q: What were you told were the parameters of the advertising that could be done with soft money?

A: I was concerned, Senator, because I wanted to make sure that whatever advertising was done by the DNC using both hard and soft money, because a mix is required, would not be attributed to the spending limits of the Clinton campaign. That is why I did consult counsel, and I was told by counsel that under the Federal Election Campaign Act, as amended by the Congress in '78 or '79 and as interpreted by the FEC, that these kinds of ads, the so-called issue ads, could be run by the DNC and would not be attributed to the campaign, that they were perfectly legal. . . And, in addition, we had lawyers looking at each script and each ad as it was cut before it went on the air, with the exception of one which we had to pull.

Q: So soft money, which under current federal election laws can be raised in unlimited amounts from any type of contributor, including corporate contributors, may lawfully be used to advertise the president's message without much limitation. Is that right?

A: That's right, and it depends upon the content of the ad. And, again, Senator Lieberman and I have had a colloquy about this. I think this is something that has to have a very sharp look-at.<sup>13</sup>

As Chapter 24 details, counsel, along with Ickes were correct regarding the legal requirements for party issue ads. These ads are permissible and do not count against a presidential campaign's spending cap as long as they do not cross the line into advocating the election or defeat of a specific candidate. Courts disagree about where to draw the line between issue ads and candidate ads. Courts have held that an ad does not advocate the election or defeat of a candidate unless it uses words such as "vote for," "elect," "support," "cast your ballot for," "Smith for Congress," "vote against," "defeat," or "reject." One circuit has held that an ad that does not use these so-called magic words can nevertheless cross the line between an issue ad and candidate ad if it unmistakably urges voters to elect or defeat a specific candidate.

Counsel placed limits on the types of ads that the DNC could run that were stricter than either of these legal standards. Counsel also attempted to ensure that the ads did not contain an "electioneering message," a currently undefined standard, by ensuring that the advertisements mentioned no campaign or election and were not run within six weeks of a state primary. No DNC advertising was aired during the general election period. Dick Morris described these limits:

Sandler and Utrecht. . . said that issue advocacy advertising had to relate to an important . . . legislative issue that was pending before the Congress, that was actively in play and discussion before the Congress. It had to express the view on that issue which was held by the President, the administration in general. . . and the leadership

of the Democratic Party; that it had to be an issue position in which the Republican Party leadership took a generally different point of view. . . . I further learned from Sandler and Utrecht that the advertisements . . . could not overtly urge the re-election of the President or the defeat of any particular Republican candidate. I further learned that there were constraints on the extent to which the President's picture could be used in the advertisements or the picture of possible Republican opponents could be used in the advertisements. I further came to learn that there were restrictions on the proximity to the primary dates that such advertisement could be run in different states.<sup>14</sup>

The rules established by counsel for the DNC and the Clinton campaign were stricter than the FEC opinions and court rulings distinguishing issue and candidate ads.

### **THE DNC ADHERED TO THE LEGAL RULES GOVERNING ISSUE ADS**

The ideas for specific DNC issue ads originated in regular Wednesday evening strategy meetings at which the President, top White House staff, and the media consultants planned campaign activities, including the use of advertising.<sup>15</sup> At the Wednesday meetings, President Clinton approved the concepts for DNC ads. "Creative meetings" attended by, among others, Dick Morris and DNC Counsel Joseph Sandler, took place the day after these strategy meetings. Participants at the "creative meetings" developed ad themes and scripted ads. On occasion, they changed ad themes that the President had approved in a strategy meeting, and final ads were often cut and aired without receiving the President's approval. DNC counsel, and on occasion, Clinton campaign counsel attended these creative meetings in order to ensure that every DNC ad adhered to the limits they had imposed and therefore fell within the legal definition of issue advocacy and did not contain an electioneering message.<sup>16</sup>

Dick Morris testified that the DNC followed the guidelines established by counsel "to the letter - to the comma."<sup>17</sup> He complained that the lawyers were "obsessively" concerned with following the law:

[T]hey would bend over backward in ways that I considered ridiculous to comply with what would have been [an] overly conservative interpretation of the law. As I mentioned, there was a time in which the Republicans were running ads bashing Clinton, and Utrecht and Sandler told us that we couldn't run ads bashing Dole because he had retired from the Senate. And I said you are disarming us unilaterally; this guy is on the air, spending 3 million bucks a week savaging Clinton, and you won't let us go on the air with our measly million defending him, or attacking Dole, because you're telling me that it's illegal. Well, if it's illegal for us, why isn't it illegal for them? . . . And constantly during this process, I felt that Sandler and Utrecht were overly conservative in their interpretation.<sup>18</sup>

Morris was particularly angry that the Dole campaign and the RNC were not operating under the restrictions that counsel had imposed on the DNC:

[T]he Republicans had a 60-second commercial which was entirely positive about Bob Dole. It talked about how he was born on a farm, and he grew up in Kansas, and everybody in this town knew him and loved him, and he was a war hero, and he'd been wounded; and it did not in the course of the entire ad mention a single public policy issue, whether or not the issue was before Congress or not, to my recollection. And that was paid for as an issue advocacy RNC ad.

And when I asked Sandler and Utrecht permission to run a positive Clinton commercial that related to Clinton's personal life and background and all that, they said we're going to have to do that with Clinton money if we do it; and they were constantly editing out of my manuscripts and my texts any references to Clinton that were not within the direct four walls of legislative advocacy.

And when the Dole ad came on, I screamed bloody murder, because I said they are violating every rule you've made me follow. That was the most blatant example. There was no issue content in the ad.<sup>19</sup>

Because the DNC's ads complied with counsel's guidelines, which were stricter than the legal requirement that issue ads refrain from advocating the election or defeat of a specific candidate, they were permissible under current law. As the next chapter discusses in greater detail, although the RNC's issue ads were also permissible, the ads came much closer to crossing the line between issue advocacy and candidate advocacy.

### **THE CLINTON CAMPAIGN AND THE DNC CAMPAIGN**

Even though the DNC's ads were permissible, they were clearly designed to aid the Clinton campaign. As Harold Ickes testified at this Committee's hearings:

Q: Would you say that people looking at the ads - and I am sure you looked at the Dole spots as well - would take the message, the average person, that this is very good person who we should vote for next year?

A: I would certainly hope so. If not, we ought to fire the ad agencies.<sup>20</sup>

Because the cost of DNC issue ads did not count as expenditures by the Clinton campaign, the DNC's media effort allowed the Clinton campaign to benefit from favorable advertising without depleting its scarce, federally-capped campaign coffers. The DNC's advertisements were shown in states considered key to the President's reelection, and funds were transferred from the DNC to the state parties in order to take advantage of the state parties' ability to spend a larger percentage of soft money on the advertisements. While the transfers were made to take advantage of the

state parties' greater ability to spend soft money, there are no restrictions on this type of transfer.<sup>21</sup> As Chapter 33 explains, the RNC and Dole for President campaign engaged in similar activities. Although the practices engaged in by both parties are permissible, they violate the spirit of the campaign finance laws, which are designed to limit the spending of presidential campaigns.

## **THE LEGALITY OF COORDINATION AMONG THE CLINTON CAMPAIGN, WHITE HOUSE, AND DNC**

### **The President's Role in the Making of DNC Issue Ads**

President Clinton played a significant role in the DNC's issue-advocacy effort. He attended weekly strategy sessions with Senator Dodd and DNC Chairman Donald Fowler and he approved the concepts for a number of DNC issue ads. President Clinton and Vice President Gore also devoted a significant amount of time to raising money for the DNC's media effort. Some Committee Members have raised concerns that the President's involvement in the making of issue ads may have been illegal.<sup>22</sup> They point in particular to a video tape in which, in discussing the DNC's issue-advocacy campaign, the President says: "And then we realized we can run these ads through the Democratic Party."

However, the President is permitted to be involved in strategic decision making, and fundraising on behalf of the party. As discussed in Chapter 24, federal law not only permits, but explicitly sanctions this cooperation between candidates, including Presidential candidates, and their political parties. The Federal Election Campaign Act and its regulations recognize the unique role of President with regard to the party and allow a presidential candidate to go so far as to "designate the national committee of [his or her] political party as his or her principal campaign committee."<sup>23</sup> If President Clinton had exercised his right to choose the DNC as his campaign committee, then he would have been able not only to coordinate with the DNC or to control some of its activities, but the party and the President would have become one entity. The President is legally entitled to have a say in the activities and operation of the national party.

Attorney General Reno correctly stated the current law in her April 1997 testimony before the Senate Judiciary Committee. She stated, "one of the things I want to make clear -- coordination is never prohibited. And, in fact, issue advertising may be paid for in part by soft money with coordination, even with coordination."<sup>24</sup>

Republican election-law experts agree that President Clinton's involvement in the making of the DNC issue ads was permissible. Republican election law expert Jan Baran, stated that the courts have interpreted the law to allow political parties to coordinate with candidates and pay for issue ads with soft money. He dismissed the significance of the videotape in which the President admitted to running "ads through the Democratic Party," stating that "He [Clinton] is confirming the legally obvious. To me it has no legal significance." When asked about the possibility that the President could be accused of committing a crime for being involved in the issue ads placed by the

DNC, Baran said, “Are you going to throw somebody in jail for violating a law no three people can agree on?” The answer is “of course not.”<sup>25</sup>

Senator Dole himself has stated clearly that parties and presidential candidates can coordinate their activities. Asked about the RNC's issue ads, he took the same position that President Clinton took with respect to DNC issue ads, and used almost identical language: “[W]e can, through the Republican National Committee, through what we call the Victory '96 program, run television ads and other advertising.”<sup>26</sup>

### **Ickes's Role in Coordinating with the DNC**

Harold Ickes was heavily involved in the activities of the DNC while he was White House Deputy Chief of Staff. Ickes's actions were legal, as were similar activities by White House officials in Republican administrations.

Ickes's involvement with the DNC traces back to the September 1995 meeting at which the DNC and Clinton campaign officials decided that the DNC would undertake an issue-advocacy effort. At this meeting, the President and Vice President committed to devoting time to raise money for the DNC's media effort.<sup>27</sup> Thereafter, the President and the Vice President spent more time on fundraising activities to assist the DNC's efforts to raise the soft money needed to pay for the issue advertisements. The President and the Vice President attended many fundraising events for the DNC and the Vice President made phone calls to help raise soft money for the media fund.

Involving the President in fundraising for the DNC required the White House to maintain frequent contact with the party. Ickes was the primary White House-DNC liaison. Although he became involved in many DNC activities, his involvement was generally related to “big picture” issues, such as scheduling the President and monitoring the DNC's finances.<sup>28</sup> Ickes also took part in DNC personnel decisions, including those related to the transfer of staff between the DNC and the Clinton campaign. Donald Fowler, national chairman of the DNC, testified that he viewed the President as the leader of the party and Ickes as the person who communicated the President's views to DNC personnel.<sup>29</sup> Accordingly, Ickes was expected to and did have involvement in campaign activities, including the coordination of the issue advocacy efforts of the DNC and the raising of soft money to pay for such ads.

Beginning in the fall of 1995, Ickes attended weekly meetings with political and scheduling staff from the White House (including Doug Sosnik and Karen Hancox) and senior DNC staff (including Donald Fowler, B.J. Thornberry, Marvin Rosen, Brad Marshall, Scott Patrick, and Richard Sullivan). Attendees discussed the DNC budget and the scheduling of the President's and Vice President's participation in fundraisers.

The participation of a deputy chief of staff in such gatherings is hardly unprecedented. During the 1984 campaign, President Reagan's chief of staff, James Baker, III, participated in



similar meetings. As Harold Ickes noted:

In 1983, White House chief of staff, James Baker, began holding weekly political meetings in his White House offices, again, including White House staff, the staff of the RNC, the re-election campaign, and campaign consultants. Known as the Campaign Strategy Group, its reported purpose was to guide President Reagan's re-election campaign and to coordinate the activities of the RNC and other Republican Party resources.<sup>30</sup>

Indeed, Ickes modeled his involvement with the DNC on the activities of Republican administrations. Ickes testified:

[M]ost of the White House staff may participate in a broad range of political activities in their offices.

In this regard, much has been made of my role with respect to the elections while I served as deputy chief of staff of the White House. Among my numerous duties, I served as the president's point man on both the DNC and the re-election campaign, and I met regularly with campaign and DNC officials. And the Office of Public--the Office of Political Affairs reported to me.

This was the model established by my Republican predecessors. Indeed, it was President Reagan and his then Chief of Staff James Baker who officially established the Office of Political Affairs in the White House. Its functions were continued under President Bush and were inherited by the Clinton White House.

According to the National Journal, the Reagan White House political office was, and I quote, "structured along the lines of a miniature campaign organization."

Under its first director, Lyn Nofziger, the Office of Political Affairs had, and I quote, "specific links to the Republican National Committee and the House and Senate GOP campaign units...[so] that all elements of the party apparatus [would] have a designated contact in the White House..."

In late 1981, Mr. Nofziger announced he was leaving the White House, but not before the general election strategy had been planned for the 1982 elections. As Mr. Nofziger explained: "The idea [was] to make sure that the White House bestowed its favors--campaign appearances, endorsements, coordination of grant announcements--in the most effective way possible."

And according to Mr. Nofziger, "We had a full time team of political operatives working for us--essentially our consulting firm--the White House could respond quickly and decisively to problems as they cropped up." . . .

President Reagan's next director of the Office of Political Affairs, Ed Rollins, held regular weekly meetings in the Old Executive Office Building next to the White House, which included White House staff and top staff from the Republican National Committee, the National Republican Senate Committee, and the National Republican Congressional Committee. Their purpose was to obtain Republican victories in the 1982 congressional elections.

To this end, the National Journal reported, "Rollins' office has been established as a place where Republicans in Congress can come to request Presidential favors. In the past 16 months," according to Mr. Rollins, "we worked very hard to produce the perks that members want. This has been the shop that has fought to get their appointments and their advisory commission people, the things that we feel are important to them for getting re-elected."

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During 1984, Mr. Baker established a second campaign group known as the Implementation Group, which he also chaired and which also met in his White House offices.

It was reported, and I quote, "Overall authority for directing the 1984 re-election campaign was clearly vested in White House chief of staff, James A. Baker, III, eliminating coordinating problems between the White House and campaign staffs, that plagues campaigns of prior, previous incumbents."

At that same time, Lee Atwater was the deputy director of the Reagan-Bush re-election campaign, but as he stated, Mr. Baker controlled the campaign. I quote Mr. Atwater, "Having Jim Baker as the key domo in this whole operation is a big plus. Rollins and I do not question his supremacy. We are very loyal to him, and we all work very well together."

Mr. Baker went on to play this role as well in the 1992 Bush re-election campaign. President Bush persuaded Mr. Baker to resign as Secretary of State and to assume the role of chief of staff to the President operating out of the White House. He was put in charge of both the White House staff and President Bush's re-election campaign, and Mr. Baker eventually chaired twice daily campaign meetings in his White House offices.

According to reliable reports, President Bush's national security advisor, General Scowcroft, attended those meetings. Thus, in having the White House actively involved in campaign matters, the Clinton White House merely followed well-established Republican precedent...<sup>31</sup>

Ickes's involvement with the DNC not only follows the precedent set by Republican administrations, but, more importantly, complies with federal law. Coordination between the party and the campaign is expected, and federal election law presumes that coordination occurs. Also, as Chapter 24 explains, the Hatch Act's prohibition on federal employees' engaging in political activity does not apply to White House personnel, such as Harold Ickes, who are paid from appropriations for the Executive Office of the President. The law permitted Ickes to engage in political activity during working hours, in a federal building, and using federal property as long as the activity did not involve soliciting or accepting contributions and incurred no cost to the government. Ickes complied with these restrictions.<sup>32</sup>

## **CONCLUSION**

The fact that coordination of soft money spending and fundraising has become commonplace and expected should be examined by Congress. By permitting such coordinated efforts to raise soft money and spend it on political activities that advance the interests of presidential campaigns, the federal election laws create a tremendous loophole to both contribution limits and spending limits. As the Chairman has acknowledged:

Acceptance of this activity would allow any candidate and his campaign to direct and control the activities of a straw man through which the campaign could draft, revise, and place advertisements meant to benefit the particular Federal campaign. For such activity, these straw men could use funds subject to no limit and derived from any source. . . . If the interpretation is that this is legal and this is proper, then we have no campaign finance system in this country anymore.<sup>33</sup>

The fact that the national parties and presidential campaigns can legally coordinate issue ads paid for, in part, by unlimited soft money undermines the system of regulating the financing of presidential elections. The spending limits applicable to presidential campaigns that accept matching funds are meaningless when unlimited party soft money can be spent on the campaign. During the 1996 election cycle, the irrelevance of the spending limits was demonstrated by the fact that hundreds of millions of dollars over and above the limits was spent on issue advocacy efforts that were designed to advance the presidential tickets. By reducing or, preferably, banning soft money, Congress could close this loophole and give meaning to the spending limits imposed on presidential campaigns.

1. FEC Advisory Opinion 1995-25.
2. Under the federal election laws, an individual is allowed to give a maximum of \$2,000 to a candidate (\$1,000 each for the primary and general election) during any one cycle. A political action committee ("PAC") can give \$5,000. Contributions from corporations and labor unions are forbidden. 2 U.S.C. sections 441a and 441b.
3. FEC Advisory Opinion 1995-25.
4. See Federal Election Commission Matter Under Review 4246, released 1997. But see Statement of Reasons issued by Commissioners McGarry and Thomas in MUR 4246.
5. See Chapter 24.
6. Richard Morris deposition, 8/20/97, p. 78.
7. Richard Morris deposition, 8/20/97, pp. 98-100.
8. Richard Morris deposition, 8/20/97, p. 131.
9. Richard Morris deposition, 8/20/97, pp. 135-36.
10. Donald Fowler deposition, 5/21/97, p. 292-95.
11. See Annenberg Public Policy Center, "Issue Advocacy Advertising During the 1996 Campaign: A Catalog," 9/16/97, p. 32.
12. The Hotline, 11/17/95; The Hotline, 1/6/95.
13. Harold Ickes, 10/8/97 Hrg., pp. 164-65.
14. Richard Morris deposition, 8/20/97, pp. 143-44.
15. Participants at these meetings included the president, the vice president, Leon Panetta, Harold Ickes, Evelyn Lieberman, George Stephanopoulos, Don Baer, Doug Sosnik, Ron Klain, Sandy Berger, Senator Chris Dodd, John Hilley, Maggie Williams, Mike McCurry, Henry Cisneros, Mickey Kantor, Mack McLarty, Peter Knight, Anne Lewis, Ron Brown, Erskine Bowles, Jack Quinn, Dick Morris, Doug Schoen, Mark Penn, Bob Squier, and Bill Knapp. Richard Morris deposition, 8/20/97, p. 76.

16. Joseph Sandler deposition, 8/22/97, pp. 67-69; Richard Morris deposition, 8/20/97, pp. 76, 140-44.

17. Richard Morris deposition, 8/20/97, p. 409.

18. Richard Morris deposition, 8/20/97, p. 410.

19. Richard Morris deposition, 8/20/97, pp. 411-12.

20. Harold Ickes, 10/8/97 Hrg., p. 79.

21. 2 U.S.C. section 441a(a)(4). The allocation regulations adopted in 1990, which determine how much hard and soft money national and state parties may use, place no restrictions on transfers between parties for any purpose.

22. At this Committee's 10/22/97 hearing Chairman Thompson said: "The President acknowledges that spending on campaign advertising is limited by law, but he and his advisors, so he tells the assembled contributors who are being asked to pay for these ads, say that they have found a way that they could raise and spend money through the Democratic National Committee; that they could run these ads through the DNC. Indeed, the President credits his DNC advertising, which they and the White House directed and controlled, with having improved his performance by 10 to 15 points in key States where the President is hopeful of garnering additional Electoral College votes. We now know about how the President saw the DNC ads functioning as an integral part of his re-election strategy. . . . To allow the type of activity undertaken by the Clinton '96 campaign in conjunction with the DNC undermines the entire Federal election campaign regulatory system. Acceptance of this activity would allow any candidate and his campaign to direct and control the activities of a straw man through which the campaign could draft, revise, and place advertisements meant to benefit the particular Federal campaign. For such activity, these straw men could use funds subject to no limit and derived from any source. Furthermore, these straw men would not be subject to any overall expenditure limit. To tolerate such blatant manipulation of the system would perpetuate a ruse on the American taxpayer. Those taxpayers are being told that in return for over \$233 million in their money, they got an open, above-board system of campaign finance prohibitions, limitations, and regulation. That simply was not the case in 1996." 10/22/97 Hrg., pp. 9-11.

23. 11 C.F.R. 102.12(c)(1).

24. Senate Judiciary Committee hearing, 4/30/97, p. 106.

25. Wall Street Journal, 10/17/97.

26. Exhibit 2336M: Transcript of ABC News Interview of Bob Dole, 6/6/96.

27. Donald Fowler deposition, 5/21/97, pp. 294-95. As described in Chapter 26, this commitment led to the Vice President's making fundraising calls to raise some of the soft money needed to

fund the media efforts.

28. Harold Ickes testified: “Again, the discussions I had with respect to my role in the White House as it related to both the DNC and the Clinton campaign, was basically to use--sort of an overused cliché--bottom line. I was looking at aggregates. And it was the DNC and Clinton-Gore campaign that were dealing with the particular specifics.” Harold Ickes, 10/8/97 Hrg., p. 35.

29. Donald Fowler, 9/9/97 Hrg., pp. 76-77.

30. Harold Ickes, 10/7/97 Hrg., pp. 88-89.

31. Harold Ickes, 10/7/97 Hrg., pp. 86-90. See also Samuel Berger, 9/11/97 Hrg.

32. See Chapter 24. The testimony and documents submitted to this Committee indicate that both the DNC and the White House took numerous steps to ensure that government resources were not used for political purposes. For example, there were separate fax machines, computers and other office equipment that were used for political purposes. See Jennifer O'Connor deposition, 10/6/97, pp. 149-50.

33. 10/22/97 Hrg., p. 10.